

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Tuesday, May 04, 2021

TIME: 3:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Rice, Vice Chairman Grow, Senators Vick, Lakey, Funk (Souza), Bayer, Ricks, Nye, and Reider (Rabe)

**ABSENT/
EXCUSED:** None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Rice** called the meeting of the Local Government and Taxation Committee (Committee) to order at 3:10 p.m.

H 389 **To Revise Provisions Regarding the Homeowner's Exemption, the Circuit Breaker Tax Reduction, the Disabled Veteran's Tax Reduction, the Property Tax Deferral Program, and the Taxation of Personal Property.** **Representative Mike Moyle**, District 14, presented **H 389**, relating to the Committee that it was a composite of several tax bills that had come before the Legislature this Session. He explained that it had been put together by several counties and associations, as well as legislators. **H 389** will raise the homeowner's exemption to \$125,000, and authorize each taxing district to reduce its new construction roll by the amount of the homeowner's exemptions above \$100,000. **Representative Moyle** explained that **H 389** will increase the Circuit Breaker Program property tax break for seniors to \$1,500. It will limit local government budgets to 90 percent of new construction and annexation, while placing an 8 percent cap on local government property tax budget growth, as well as limiting the use of foregone property tax revenue. **Representative Moyle** stated that **H 389** will increase the personal property exemption for businesses to \$250,000, while fully exempting defined transient personal property.

DISCUSSION: **Chairman Rice** clarified that **H 389** would not affect the Nampa Fire District annexation. The State Tax Commission (Commission) has stated that the annexation area will not be affected by the 8 percent cap. **Chairman Rice** has requested the opinion in writing.

TESTIMONY: The following individuals testified in opposition to **H 389**: **John Evans**, Mayor, Garden City, stated that a tax bill without budget cap issues had been expected, and without the indexing of personal property. **David "Rudy" Rudebaugh**, Legislative Chairman, Idaho State Fire Commissioners' Association, testifying virtually, explained to the Committee that Idaho has 158 fire districts. The districts are funded by property taxes and new construction. **Mr. Rudebaugh** believes **H 389** will be detrimental to life and property. **Francoise Cleveland**, Associate State Director of Advocacy, Idaho Chapter of the American Association of Retired Persons, testified virtually, representing 185,000 members. **Ms. Cleveland** stated that property tax continues to be the most burdensome tax for low-income and older residents, and requested that **H 389** be amended to include an appeals process for those removed from the Circuit Breaker Program. **Mark Niemeyer**, Idaho Fire Chiefs Association, expressed concern for unintended consequences resulting from the implementation of **H 389**. He explained that revenue and growth are required to staff firehouses.

Seth Grigg, representing Idaho Association of Counties, testified in support of **H 389**. He expressed the desire that both the homeowner's exemption and the Circuit Breaker Program threshold be increased, but agreed that it was a fair starting point in property tax reform.

DISCUSSION: **Senator Reider** questioned Mr. Grigg if homeowners in high-growth areas would see their taxes go down with the passing of **H 389**. **Mr. Grigg** replied that even with a tax freeze, property taxes would not be reduced, but it would slow the rate of increase.

Richard Davies, Nampa Fire Protection District, informed the Committee members he was requesting an amendment to **H 389**, making it possible for other fire protection districts to annex city fire districts. **Kirk Carpenter**, Nampa Fire Chief, expressed his support for the amendment. **Chairman Rice** responded that the annexation referred to in a proposed amendment may not work in all areas of the State and should be addressed in separate legislation.

Senator Vick expressed his frustration that the portion of his property taxes dedicated to the fire district had gone from \$150 to \$500 in 9 years. He stated it is hard to be sympathetic when fire districts complain about limiting their growth, while watching his taxes increase that much for fire districts.

TESTIMONY: **Max Pond**, Idaho Association of Realtors, testified in support of **H 389**.

DISCUSSION: **Representative Moyle** completed his presentation of **H 389** by stating it makes some simple changes that will help slow the tax shift that is happening. He recognizes it is a starting point, with much more to be done. **Senator Nye** questioned if the Commission was involved in the implementation of **H 389**, or if the Attorney General's Office had given an opinion. **Representative Moyle** responded that it had not been necessary to consult the Attorney General and the Commission was satisfied with the bill. **Representative Moyle** opined that any changes should be made through a trailer bill rather than an amendment. **Senator Reider** questioned how many people would be disqualified from the Circuit Breaker Program if **H 389** was implemented. **Representative Moyle** responded that this year, no one would be disqualified. The following year, without addressing the 125 percent of median, there would be an approximate 15 percent reduction if **H 389** passes. **Senator Reider** requested the average value of the 125 percent of median across Idaho. **Representative Moyle** stated it varied too much by county to identify.

MOTION: **Senator Bayer** moved to send **H 389** to the floor with a **do pass** recommendation. **Vice Chairman Grow** seconded the motion.

DISCUSSION: **Senator Bayer** stated she would like to see more property tax relief, but would support **H 389**. **Vice Chairman Grow** related to the Committee that there were two ways to deal with the property tax issue, to shift between homeowners or reduce budgets. He informed them **H 389** was not rushed legislation, it had been worked on all session.

VOICE VOTE: The motion to send **H 389** to the floor with a **do pass** recommendation carried by **voice vote** with **Senators Lakey, Nye, and Reider** requesting they be recorded as voting nay.

H 390 **To Revise Provisions Regarding Taxable Income and the State Tax Commission.** **Representative Dustin Manwaring**, District 29, presented **H 390**, informing the Committee that it was a trailer bill to **H 251**. He explained that it clarifies that any federal relief money paid directly to a tenant and used for rent or utility payments is not taxable. The payments remain taxable to the landlord. **H 390** also clarifies language in **H 214**.

MOTION: **Senator Ricks** moved to send **H 390** to the floor with a **do pass** recommendation. **Senator Nye** seconded the motion. The motion carried by **voice vote**.

**MINUTES
APPROVAL:**

Senator Vick moved to approve the Minutes of April 26, 2021. **Senator Ricks** seconded the motion. The motion carried by **voice vote**.

ADJOURNED:

There being no further business at this time, **Chairman Rice** adjourned the meeting at 4:01 p.m.

Senator Rice
Chair

Machele Hamilton
Secretary